

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON, D. C. 2022

Industry Circular No. 66-8

April 11, 1966

INTEREST ON UNDERPAYMENTS AND OVERPAYMENTS OF TAX

Proprietors of distilled spirits plants
and others concerned:

Purpose. This circular is issued to inform you of the substance of a revenue ruling regarding interest on overpayments and underpayments of tax reported on Form 4077, Distilled Spirits Tax Return, Deferred Payment - Bottling Premises, which will be published in an early issue of the Internal Revenue Bulletin.

Substance of Ruling. Under the provisions of Subpart C, 26 CFR Part 170, the remittance accompanying a return on Form 4077 is intended to satisfy only the matured portion of the taxpayer's liability. The remainder of the taxpayer's liability is deferred to a later return. An amount paid in excess of that due with the return would overpay that return, but it would not be an overpayment within the meaning of section 6401 or section 6611 of the Code when the amount paid does not exceed the taxpayer's entire liability. Since no overpayment would result, no interest would be payable. In the event the amount paid exceeds the taxpayer's entire liability, the excess amount would constitute an overpayment and interest would be payable on the excess amount.

As to the charging of interest on underpayments, section 6601 of the Internal Revenue Code provides that if any amount of tax required to be shown on a return is not paid on or before the last date prescribed for payment, interest shall be paid on such amount at the rate of 6 percent per annum. Therefore, if the full amount of distilled spirits tax which has matured as of the close of a return period is not paid, the deficiency in payment would be subject to interest.

Accordingly, the ruling holds that no interest is payable on an excess payment of distilled spirits tax submitted with a return on Form 4077 unless the amount paid exceeds the taxpayer's entire liability. It also holds that interest is due on the deficiency where the amount paid with a return on Form 4077 is less than the amount due.

Inquiries. Inquiries regarding this industry circular should refer to its number and be addressed to the office of your Assistant Regional Commissioner, Alcohol and Tobacco Tax.

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